

## **I. THE INVENTION**

The present invention relates to an improved credit card system. More specifically, the invention provides a discretely apportioned available credit line that limits transactions that can be made for particular purposes in a manner custom fit to the cardholder. In an alternative embodiment, the credit card holder may create sub-accounts for specific purchases, limiting the available credit to the value of an online or telephone transaction.

This may be accomplished by the credit providing institution assembling a list of categories and potential merchants, then dividing those merchants who subscribe to its credit service within those particular categories. When a transaction is made with the credit card, authorization will be made with respect to the particular category or merchant. The credit institution may also create discrete sub-accounts for particular purchases. This system will allow that in the event the credit limit has been reached in a particular category or sub-account, either through ordinary charging or through misappropriation, the card will remain effective for emergency charges (tow trucks, hospitals, etc.) or charges for essential items like food and prescription drugs.

The current systems provide methods to facilitate credit card verification systems and to use credit card systems in different formats. None of the prior art addresses a credit card solution that apportions credit availability to specific purposes and limits false charges in each discrete billing category, while simultaneously allowing cardholders control over their own transactions and the transactions of other authorized card users.

In accordance with the present invention, the partitioned credit card system combines the traditional advantages of credit cards with the advantages of a segregated credit line. For example, transactions authorized by the system for online commerce would be limited to a preset portion of the card user's total credit line. The cardholder is given the freedom to shop using a credit system while knowing that the card will always be functional in an emergency or for essential purchases.

Another advantage of this partitioned credit card system is its limitation of unauthorized transactions in any particular category up to that category's limit. Those who steal card numbers either during online transmission or through theft of the card itself are limited in their attempt to defraud the cardholder by preset categories and credit limits. Each category limit will be much lower than

the total credit card limit, thereby greatly reducing the exposure of card users and credit institutions to unauthorized purchases.

Even this limited exposure is eliminated for online and telephone commerce through the use of sub-accounts, which the user may establish for individual transactions. In this embodiment of the present invention, the user may create sub-accounts with credit limits equal in amount to the transaction amount. When the transaction is complete, the sub-account is empty so there can be no unauthorized purchases.

## **II. THE EXAMINER'S REJECTION** **OF CLAIMS 1-6**

In the October 1, 2002 Office Action, the Examiner rejected claims 1-6 under 35 U.S.C. § 102(e) as being anticipated by Solokl et al. United States Patent No. 6,173,269 ("Solokl"). The Examiner argued:

"Solokl teaches a service for apportioning a credit line provided on a card for a teenager, the credit line apportioned such that only specific vendors or classes are accessible by the teen, as set forth by the activators of the card, normally a parent of the teen (col. 5, line 56 - col. 6, line15). The parent can choose which class of goods the teen may purchase and how much credit (dollar amounts) he/she may spend on them (col. 9, lines 19-30). The teen can purchase goods via Internet or by telephone (col. 10, lines 57-66). With the service, information is monitored regarding spending limits per transaction and

types of products purchased. Thus, a limit can be placed on any type of purchase as the parent may see fit. In addition, the art teaches that a number of cards maintained in a single account may be handled in an identical manner (Col. 7, lines 7-21)."

### **III. THE EXAMINER'S REJECTION OF CLAIMS 1-6 SHOULD BE RECONSIDERED**

The Examiner's reliance on Solokl is almost totally misplaced. Solokl discloses an apparatus and method allowing vendors to execute binding electronic transactions with individuals "lacking contractual capacity", i.e., children, and more specifically teenagers. For some reason, the Examiner has fallen under the misapprehension that Solokl discloses a system granting parents close control over the purchases made by their children. It does not. It is crystal clear that the parent's supervision in the Solokl system ends after initial setup of the child's account:

"1. A method for executing electronic transactions with an individual lacking contractual capacity, comprising the steps of:

funding a separate account held by a financial institution with funds from a fund source account of a parent or guardian of said individual, *wherein said separate account is independent and unsupervised relative to said fund source [i.e., parent] account*; and

providing a service for supervising access by said individual who is enrolled with said service to funds in said separate account, said service executing binding transactions with third parties on behalf of said individual." (Emphasis added).

The Examiner's attention is similarly directed to column 8, lines 55-65, which describes the Solakl account as a form of allowance or gift-giving, and column 9, lines 16-30, which clearly instructs that the parent can only place limits on contributed funds and approved vendors. Once within the Solakl system, the parent has absolutely no control over how the teen spends money in his/her account.

In short, Solokl is little more than a shopping website for teens with pre-qualified buyers and sellers. This is decidedly different from a parent authorizing a child to spend \$100 using the parent's account. It is even further removed from any embodiment of the present invention, for example, where a parent sets up a subaccount for a child funded solely for a single, specific Internet transaction.

Solokl simply wants to tap into the buying power of teenagers. Since children cannot enter binding contracts, Solokl envisions a system wherein "the parents provide the service with authority to execute transactions on behalf of the teen as a surrogate for the parents." (Col. 9, lines 17-19). This bears almost no resemblance to establishing a credit subaccount.

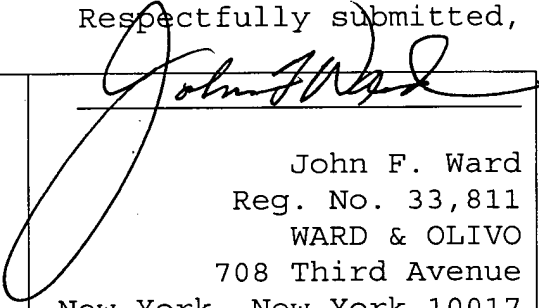
In summary, while a parent may exert some discretionary control in the Solokl system, the actual account belongs to the teenager. Solokl goes so far as to suggest that the

teen account may be converted into an adult credit account once the teen reaches majority (col. 9, lines 57-59). In contrast, the teen (or any other user) in the disclosed credit partitioning system will never obtain more than limited, temporary access to the underlying credit account. This is a decided advantage and a protection only offered by the present invention.

#### CONCLUSION

In light of the foregoing arguments, Applicant respectfully submits that the application is in condition for allowance. Early and favorable action is requested.

Respectfully submitted,

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